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Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report of the Secretary-General for the United Nations Peace Forces (UNPF) for the period from 1 July 1996 to 30 June 1997 (A/52/815) and the report of the Secretary-General on the final disposition of UNPF assets (A/52/792). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided clarification and additional information.

2. The United Nations Protection Force (UNPROFOR) was established by the Security Council in its resolution 743 (1992) of 21 February 1992. The mandate of the Force was extended by subsequent Security Council resolutions, and, on 31 March 1995, by its resolutions 981 (1995), 982 (1995) and 983 (1995), the Council decided to establish the United Nations Confidence Restoration Operation in Croatia, known as UNCRO, to extend the mandate of UNPROFOR in Bosnia and Herzegovina, and that UNPROFOR in the former Yugoslav Republic of Macedonia would be known as the United Nations Preventive Deployment Force (UNPREDEP). The administrative and logistic responsibilities of all three operations were coordinated at United Nations Peace Forces headquarters in Zagreb. The United Nations Mission in Bosnia and Herzegovina (UNMIBH) was established by the Council in its resolution 1035 (1995) of 21 December 1995, and the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) was established by the Council in its resolution 1037 (1996) of 15 January 1996. The mandates of UNCRO and UNPROFOR were terminated in the latter part of 1995.

Financial performance for the period from 1 July 1996 to 30 June 1997

3. The General Assembly, by its resolution 51/12 B of 13 June 1997, appropriated an amount of $50,247,200 gross for the United Nations Peace Forces for the period from 1 July 1996 to 30 June 1997. That amount reflected a reduction recommended by the Advisory Committee of $335,000 to the Secretary-General's cost estimates. During the 12-month period, UNPF carried out the liquidation of UNPROFOR and UNCRO and provided central support in the areas of communications and air operations to UNTAES, UNMIBH and UNPREDEP. The financial performance report for UNPF for the period from 1 July to 30 June 1997 (A/52/815) reflects expenditures in the amount of $46,780,000 gross, resulting in an unencumbered balance of $3,467,200 gross.

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Of this unencumbered balance, the Committee has concurred in the utilization of an amount of $1,199,200 gross for completion of the liquidation tasks.

4. The Advisory Committee was informed that a final performance report would be submitted by the Secretary-General later this year or early in 1999. That report will provide a clearer picture of the status of unliquidated obligations and of amounts owed to troop-contributing countries. It will also reflect the results of the examination of one Government's entitlement for troop reimbursement currently being carried out by the Department of Peacekeeping Operations and the results of the detailed valuation of equipment, services and supplies provided for the rapid reaction capacity, as indicated in paragraphs 16 and 24 of the report of the Secretary-General.

5. The Advisory Committee notes the lack of information on reimbursement for contingent-owned equipment; the only exception being paragraph 25 of the report, on reimbursement of consumables, which is estimated at $120.7 million and is included in the total requirements for reimbursement for contingent-owned equipment. Upon enquiry, the Committee was informed that the total requirements for reimbursement for contingent-owned equipment are currently estimated at $897.4 million, of which an amount of $495.1 million has been paid to troop-contributing Governments, leaving a balance of $402.3 million, which is subject to change.

6. The Advisory Committee was informed that nine troop-contributing countries had opted for wet-lease arrangements and that negotiations with these countries had been conducted by two teams of gratis personnel officers from Headquarters who were accompanied by a staff member. Moreover, almost all of the members of the teams were of the same nationality as the three major troop-contributing countries. The Committee expresses serious concern about the composition of the teams. In the opinion of the Committee, it is not appropriate to use gratis personnel as the main negotiators for the United Nations. Furthermore, the use of gratis personnel of the same nationality as the troop-contributing countries represented in the mission area creates a potential for conflict of interest and may call into serious question the fairness of the results of negotiations with troop-contributing countries.

7. The Advisory Committee was informed that where equipment and some services had been provided under arrangements specified in letters of assist, it was possible for the United Nations to take this into account in negotiations with those troop-contributing countries that had opted for wet-lease arrangements. The Committee points out, however, that there were many services that the mission provided for directly from its budget, and, in the absence of an elaborate accounting system, the probability is high that the mission will pay twice for items that will also be covered under the new wet-lease arrangements.

8. The Advisory Committee welcomes the corrective measures taken to improve inventory control and assets management, in particular the conversion of multiple inventory databases, supported by individual asset managers, into a single, unified mission-wide inventory database, which is referred to in paragraph 22 (b) of the report. The Committee was informed, upon enquiry, that the mission had initially attempted to utilize the fixed assets module of the Reality Procurement Support System. However, owing to some limitation in the system, the consolidated assets database was eventually completed using a commercially available software programme. The successful use of commercially available software later became the precursor for the global assets visibility programme of the field assets control system, which is described further in a report of the Secretary-General dated 31 July 1997 (A/51/957). The Committee stresses the importance for all missions of having a complete unified inventory database.

9. With regard to the reported savings of $2.7 million under contractual services and $2.9 million under claims and adjustments, the Advisory Committee emphasizes the need to better estimate this type of requirement. The Committee recalls that in connection with the period from 1 January to 30 June 1996 it had recommended a reduction in the proposed estimates for claims and adjustments from $20.0 million to $10.0 million (A/50/903/Add.1, para. 20). The reduced resources were found to be adequate.

10. The Advisory Committee points out that annex III to the report, on the planned and actual deployment of civilian personnel, shows a lower incumbency than the expenditure would imply; annex I shows an overexpenditure of $5.4 million under civilian personnel costs. The Committee was informed that the overexpenditure reflects mainly delays in the processing of personnel actions of UNPF staff who were transferred to UNTAES, UNMIBH and UNPREDEP.

11. Taking into account that the presentation of annex III is different from other similar reports, the Advisory Committee recommends that efforts be made to standardize the presentation of annex III of performance reports for peacekeeping operations.

12. The Advisory Committee was informed that a total of 11 containers with files and records would be shipped to Headquarters in New York by the mission during its liquidation. Upon inquiry, the Committee was informed that

information is increasingly being stored electronically in peacekeeping operations, especially in those recently established, which should lead to a reduction in paper documents. The Committee requests that this become a secretariat-wide policy, which should contribute to minimizing costs for storage, space, transportation and staff. At the same time, the Committee recommends that the necessary measures be taken to ensure that all records of the Organization, including those of peacekeeping operations, be maintained in a manner that satisfies any legal requirements.

13. In view of its comments, observations and recommendations in the paragraphs above and pending the submission of the final performance report for UNPF, the Advisory Committee is of the opinion that no action need be taken now by the General Assembly in respect of the report of the Secretary-General (A/52/815).

Final disposition of assets

14. In the report of the Secretary-General (A/52/792) details are provided on the final disposition of the assets of UNPF, the inventory value of which as at 10 January 1996 is estimated at some $345.2 million. As indicated in paragraph 4 of the report, the process of liquidating UNPF assets was guided by the principles and policies approved by the General Assembly in section VII of its resolution 49/233 A of 23 December 1994.

15. The Advisory Committee also notes from paragraph 6 of the report that the reported sales of UNPF equipment to the Implementation Force (IFOR) ($47.7 million) include amounts to be offset against payments to Governments for reimbursement of contingent-owned equipment; in addition to the sale of equipment, there was income of $7.0 million from the sale of surplus supplies to IFOR. The Committee was informed that an amount of $38.3 million had already been offset against payments to 19 Governments for reimbursement of contingent-owned equipment.

16. The Advisory Committee notes from annex III.A to the report that property sold by UNPF to IFOR for $47.7 million had an inventory value of $67.7 million. However, the effectiveness of auction sales was poor; property with an inventory value of $18.3 million was sold for $1.7 million, of which $0.2 million was paid to the auctioneer as a fee and a commission. The Committee requests that the Secretary-General take the necessary measures to increase the effectiveness of auctioning the United Nations assets located in peacekeeping operations.

17. Annex IV to the report provides details of property written off or lost. As can be seen, the mission wrote off property that had an original value of $56.7 million. Lost property had an original value of $11.2 million. The Advisory Committee was informed, upon enquiry, that the main reason for writing off the UNPF property was either its poor technical condition or the fact that the property had been stolen. The Committee requests that future reports on the final disposition of assets of peacekeeping operations provide information on reasons for the write offs and losses of property.

18. The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General on the final disposition of UNPF assets (A/52/792).